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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 001942

SIPDIS

STATE FOR AF/W
STATE FOR CA/OCS/FROBINSON
STATE FOR EB/ESC/IEC/ENR/BLEVINE
STATE FOR DS/IP/AF
STAT FOR INR/AA
STATE PASS DOE FOR DAS JBRODMAN AND CGAY
STATE PASS TREASURY FOR ASEVERENS AND SRENENDER
STATE PASS DOC FOR PHUPER
STATE PASS TRANSPORTATION FOR MARAD
STATE PASS OPIC FOR CDUFFY
STATE PASS TDA FOR BTERNET
STATE PASS EXIM FOR JRICHTER
STATE PASS USTR FOR ASST USTR SLISER
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: DECL: 12/08/2014

TAGS: [EPET](#) [EINV](#) [CASC](#) [PGOV](#) [ASEC](#) [PTER](#) [KHLS](#) [EWWT](#) [ELAB](#) [NI](#)

SUBJECT: SHELL CLOSES THIRD FLOWSTATION, EXPLOSION IN EDO
STATE

REF: LAGOS 1933

Classified By: Consul General Brian L. Browne for Reasons 1.4 (D & E)

Summary

11. (U) After surveying the pipeline fire at their Opobo terminal line in Rivers State, Shell Petroleum Development Company (SPDC) closed their Bonny terminal supply line in an attempt to quench the fire faster. (Note. Previously, SPDC had shut down two flowstations in hopes that their temporary closure would be sufficient to bring the fire under control. End Note.) Total loss in production is now estimated at 180,000 barrels per day (BPD), and the company has not yet released a revised timeline for reopening the three lines currently closed down. Current reports also indicate a Nigerian National Petroleum Company (NNPC) production pipeline in Edo State was severed in what appears to be a botched bunkering attempt.

Shell Attempts Cleanup After December 19 Attack

12. (SBU) On December 21, SPDC and GON pipeline repair teams surveyed the site of the Opobo pipeline attack reported reftel. As a result of the protracted fire, SPDC decided to shut down their Bonny terminal refining supply line, as the continued operation of that line literally was adding fuel to the fire. Previously, SPDC had temporarily closed two other lines in an attempt to bring the fire under control. The company has not released further information and hopes of containing the fire and bringing the lines back into operation by the end of the week may have to be revised. SPDC has already declared force majeure. The Bonny line carried an estimated 10,000 BPD, bringing total loss of production to roughly 180,000 BPD.

NNPC Pipeline Sabotage in Edo State

13. (U) In what appears to be an unrelated event, an NNPC production pipeline near Ehor, Edo State was reportedly damaged in a failed bunkering attempt. The Uhumwode local government chairman, Ehosa Ogbemudia, said five people died in the explosion. He described thieves bypassing NNPC security, cutting into a section of pipe, and then fleeing when their cutting ignited an explosion. Ogbemudia claims the bunkerers had brought a barge and siphoning equipment that burned in the fires. An NNPC official confirmed the incident but refused to give any details or make any speculations regarding the identity of the perpetrators.

14. (C) Chevron Security Advisor Hamish MacDonald believes the two incidents may be related. He said that this incident, coupled with the attack on the Shell pipeline, looked as if messages were being sent to the Federal Government by groups upset with GON efforts on international cooperation and security initiatives in the Delta region. He specifically named the U.S.-GON working group agreements and the Rivers State Sustainable Development Strategy launch in London. While he had no information that the two attacks were coordinated, he did not discount the possibility.

Workers Take Wait-and-See Approach, Prolong Chevron Dispute

15. (C) Peter Esele, currently acting President of the senior oil workers' union PENGASSAN, said workers were more concerned with an ongoing labor dispute with Chevron than over the pipeline mishaps. Workers, he said, felt the pipeline attacks were part of an ongoing battle between government and Delta militias, a battle in which PENGASSAN was not a direct protagonist. Thus, PENGASSAN would wait a bit before assessing risk to workers in the area. Esele asserted that frustration among PENGASSAN members who were in Chevron mid-level management had created impetus for a general strike that could have a serious impact on fuel production and prices. Chevron initially bypassed negotiating with these managers, instead pursuing resolution of a labor dispute over salaries, bonuses, educational assistance, and other benefits directly with the Ministry of Labor.

16. (C) Chevron claims the disagreements arose from fundamental differences in methods of measuring compensation. They characterized their current strategy as "hardball" but predict resolution some time in January. They believe there will not be an "union overaction." PENGASSAN leadership also hopes to avert a strike, but the death of their former President, Uche Okoro, in the December Sosoliso Airlines crash hurt PENGASSAN, further creating a temporary leadership vacuum that delayed meeting with Chevron. However, a meeting between Chevron and PENGASSAN will be held today.

Comment

17. (C) While the incident in Edo State may be a separate botched bunkering, the timing of the incident right on the heels of the December 19 attack in Rivers has many people thinking this is more than coincidence. Nigeria was initially jolted by the dint of plane crashes. Now it has two major pipeline incidents within days of each other. Often, the end of a year is a politically tense period in Nigeria. These latest events will contribute to the country's end-of-year jitters, and more directly to the point, they underscore the frailty of the security in place to protect Nigeria's vital oil production sector.
BROWNE